

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-12480 (JTD)  
(Jointly Administered)

**Re: Docket No. 254**

**OBJECTION OF THE AD HOC GROUP OF  
FREEDOM LENDERS TO THE DEBTORS' MOTION TO  
EXTEND THE DEADLINE TO FILE SOFAS AND SCHEDULES**

The Ad Hoc Group of Freedom Lenders (the “**Freedom Lender Group**”)<sup>2</sup> by and through their undersigned counsel, hereby files this objection (the “**Objection**”) to the Debtors’ motion to extend the deadline to file their statements of financial affairs (“**SOFAs**”) and schedules of assets

<sup>1</sup> The debtors in these Chapter 11 Cases (the “**Debtors**”), along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), B. Riley Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home and Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy’s Newco, LLC (5404), Buddy’s Franchising and Licensing, LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260); Franchise Group Newco BHF, LLC (4123); Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors’ headquarters is located at 109 Innovation Court, Suite J, Delaware, Ohio 43015.

<sup>2</sup> The Freedom Lender Group is comprised of certain HoldCo Lenders and Second Lien OpCo Lenders, as named in the *Verified Statement of the Ad Hoc Group of Freedom Lenders Pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure* [Docket No. 229], as it may be amended and supplemented from time to time.

and liabilities (“**Schedules**”) [Docket No. 254] (the “**Motion**”). In support of this Objection, the Freedom Lender Group respectfully represents as follows:<sup>3</sup>

### **OBJECTION**

1. By the Motion, the Debtors seek to extend their deadline to file their SOFAs and Schedules to December 20, 2024, which is three days after the hearing scheduled for approval of their disclosure statement. [Docket No. 152].

2. SOFAs and Schedules work in tandem with a disclosure statement to provide a debtor’s stakeholders with adequate information and to satisfy the debtor’s statutory affirmative duty of full disclosure. *See Ryan Operations G.P. v. Santiam-Midwest Lumber Co.*, 81 F.3d 355, 362 (3d Cir. 1996) (citing to sections 521 (filing of SOFAs and Schedules) and 1125(b) (disclosure statement) of the Bankruptcy Code in addressing the “disclosure requirements of the United States Bankruptcy Code” and stating that “[t]hese disclosure requirements are crucial to the effective functioning of the federal bankruptcy system.”); *see also In re Global Eagle Entertainment, Inc.*, Case No. 20-11835 (JTD) (Bankr. D. Del. 2020) Aug. 18, 2020, Hr’g Tr. 97:12-101:11 [Docket No. 241] (approving extension of deadline to file SOFAs and Schedules after the debtors’ modified their request to ensure that they would be filed prior to section 341 meeting and the start of an auction in connection with a section 363 sale).

3. SOFAs and Schedules should be filed before an objection deadline for approval of a disclosure statement, and certainly before a disclosure statement is approved, so that creditors have the benefit of evaluating the debtor’s full disclosure package. That is particularly the case in a case such as this, where almost all creditors are impaired and have the right to vote. *See Proposed Plan* § 4.1.

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<sup>3</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

4. The Freedom Lender Group has filed a motion to adjourn the Debtors’ “second day” hearing [Docket No. 194] and an objection to the Debtors’ motion seeking approval of bidding procedures [Docket No. 275] (the “**Bidding Procedures Objection**”). In these filings, the Freedom Lender Group has advocated for a modified timeline of these Chapter 11 Cases that would extend the sale and proposed plan timetable by approximately two months beyond the Debtors’ proposed schedule.<sup>4</sup> If the Debtors’ sale and plan timelines are modified such that the Debtors’ SOFAs and Schedules would be filed prior to the objection deadline for their disclosure statement, this Objection would be resolved. If, however, the Debtors insist on adhering to their proposed schedule and the Court is not inclined to adjourn the hearing on the Debtors’ disclosure statement motion, the Motion should be denied.

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<sup>4</sup> A proposed modified timeline was attached as Exhibit C to the Declaration of Neil A. Augustine in support of the Bidding Procedures Objection [Docket No. 276].

Dated: December 3, 2024  
Wilmington, Delaware

**FARNAN LLP**

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